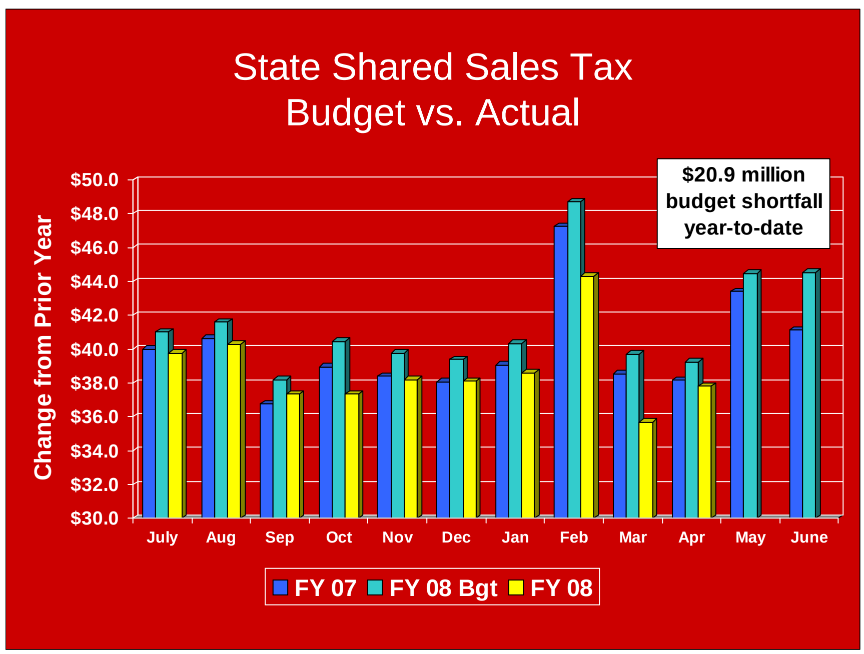
Transmittal Letter

To: Andrew Kunasek, Chairman, District 3
Fulton Brock, District 1
Don Stapley, District 2
Max Wilson, District 4
Mary Rose Wilcox, District 5

This 2008-09 budget is built on very conservative revenue projections. It is the second consecutive year where poor revenue growth has created budgetary stress. In the current fiscal year, three of the four major revenue streams have seen declines in year-over-year collections. In fiscal year 2007-08, State-Shared Sales Tax, Jail Excise Tax and Vehicle License Tax are under budgeted levels, even though these revenues were either budgeted for flat or very low growth. In the current fiscal year, we have missed our budgeted State-Shared Sales Tax revenues every month, the Jail Excise Tax every month but the first month, and Vehicle License Tax every month since October. The revenue slowdown being experienced has not been seen for over several decades.

The State-Shared Sales Tax, year-to-date through April 2008 is -2.10% as compared to fiscal year 2006-07. The last three months of financial results averaged -4.83% from last year. State-Shared Sales Tax is our largest single revenue stream. Its lackluster performance has created financial difficulties that can only be overcome with reductions in spending countywide.



Similarly, the Jail Excise Tax has a -2.85% variance year-to-date through April 2008. This revenue is a dedicated sales tax that funds adult and juvenile detention services and capital investments in our county jails and detention facilities. With the jail and juvenile detention populations increasing annually, it is imperative that these revenues keep pace with the funding requirements of operating 24/7 facilities.

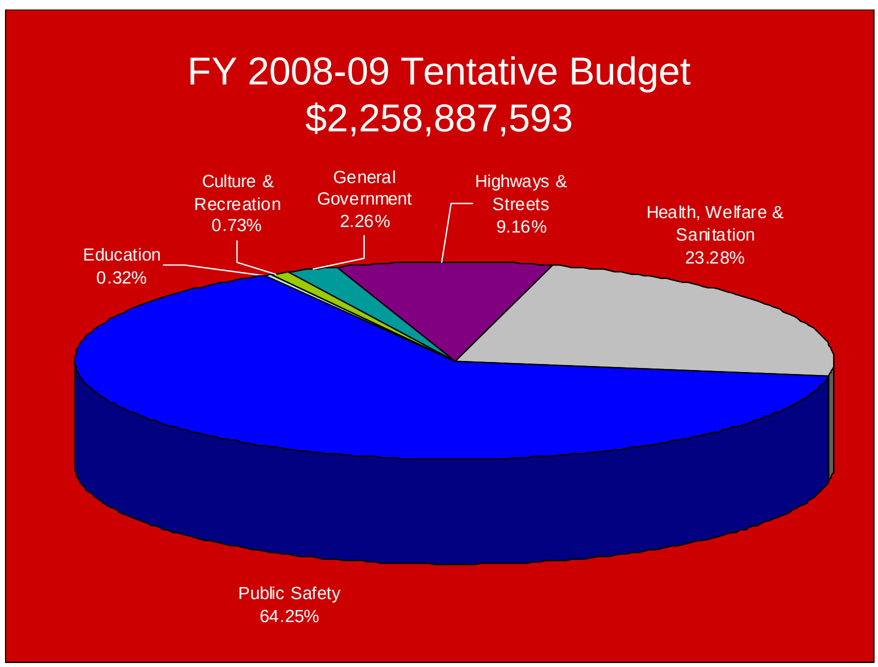
The recommended budget is $2.259 billion, which is a 2% increase from the 2007-08 adopted budget, driven largely by mandated expenditures. However, if you readjust the increase for an internal restatement from Flood Control District, the increase is only 0.4% or $8.6 million. The nominal increase is primarily due to expenses related to the building of a new criminal court tower. Other major contributors include mandated state contributions and employee-related costs, offset by $115 million in operational budget reductions.

Knowing that our budget development process was going to be difficult, the Board of Supervisors adopted fiscally conservative budget guidelines. These guidelines provide policy direction for County departments and the Office of Management and Budget. The Board's budget guidelines for this year anticipated the continued sluggish economic conditions that are facing this region. No requests for supplemental funding were considered, and the Board required that all departments submit 5/10/15% expenditure reduction scenarios. No new capital improvement programs (CIP) were put forward and funding reductions within existing CIP projects were reviewed. Departments were encouraged to explore opportunities to improve efficiencies through information technology (IT) and consolidation of IT functions. All new technological endeavors were required to have a Return on Investment (ROI) of 3 years or less. Performance-based salary advancements will be no more than 2.5% on average, and market-based compensation funding will be very limited. Finally, the Board continued the self-imposed limit on the secondary property-tax levies, which lowers property tax burdens for the citizenry.

Expenditure Reductions and Expenditures Uses Chart

Significant expenditure reductions have been made to the County's 2008-09 operating budget. While reducing costs in one of the fastest growing counties in the nation is difficult, it is possible. County management was instructed to look for reductions that minimized service impacts, focused on administrative overhead and reduced or cut non-mandated programs. On average, departmental expenditure reductions were 5.6%. Non-mandated departments received a 15% reduction. Overall, appointed departments were reduced by 7.0%. Elected departments, which include the Sheriff's Office, County Attorney, Assessor, Treasurer, Recorder, and Superintendent of Schools, averaged a 4.6% reduction. The Judicial Branch contributed a reduction that averaged 5.6%.

One of the non-mandated services that was impacted was the Juvenile Residential Drug Treatment Program. The program was eliminated because it was costly and results were inconclusive. The operating savings to the county was $2.8 million. However, to offset the impact of the program's elimination, an additional $1.0 million was added to the Juvenile Probation department to fund community-based treatment for probational and incarcerated juveniles.



Departments made difficult business choices as they were recommending their own departmental reductions. Many eliminated vacant positions that have been held open due to the recently enacted hiring freeze. The majority of these positions are administrative in nature or within non-mandated functions. Several departments eliminated or downsized their overtime, supplies, services and travel budgets, noting that some service impact would be felt, but that it would be minimal. Other significant reductions include limiting election sample ballot mailings to one per household, reduction in the standard and intensive probation caseload capacity, reduced social services, elimination of the Seriously Mentally Ill intervention program in the Sheriff's Office, closing of Correctional Health clinics at night, reducing the number of tuberculosis cases treated, and delaying completion of the document preservation activity in the Clerk of the Court.

Structurally Balanced Budgeting

The practice of structural balance within our budget is paramount to our fiscal policies. It is the basis on which all of our budget policies and practices are grounded. Structural balance means that reoccurring revenues meet or exceed reoccurring expenditures. Because of structural balance, we have been able to maintain a healthy fund balance, fund capital projects with cash, and keep our expenditures in check. Maintaining structural balance is not for the weak-willed. It takes discipline and resilience, especially during recessionary periods. Maricopa County has been able to maintain structural balance in our operating budget during this fiscal downturn. We have done so through ongoing readjustment of revenues and then subsequent incremental reductions in spending, as required.

Maricopa County began making adjustments to our financial plan in Fiscal Year 2006-07 as revenues began to slow. The Board of Supervisors lowered the revenue budget mid-year, and cut spending to align with the revised revenue projections. During Fiscal Year 2007-08 budget development, the budget was prepared with little or no revenue growth in State-Shared Sales Tax, the Jail Excise Tax, and the Vehicle License Tax. The budget in FY 2007-08 included reduced personnel budgets, cuts in court security, reduced overtime, supplies, and services budgets. We also reexamined user fee-based activities and increased fees when the service was not fully recovering costs. Project delays occurred in the special district budgets because of the self-imposed limit on the secondary property tax. The self-imposed limit on secondary property taxes is a Board policy designed to keep property taxes low.

Additional reductions became necessary during Fiscal Year 2007-08 due to greater revenue slowdowns than originally projected. The Board of Supervisors took swift action. Beginning in the Fall of 2007, the Board reduced all administrative budgets by 5%. This was a reduction of 64 full-time equivalent positions. They also froze contingency funds and instituted a hiring and capital freeze. Overtime in the Sheriff's Office was curtailed and within Planning and Development, staff was reduced by 20%.

Budget Preparation for 2008-09 involved additional conservative actions. The Southwest Regional Court Center was delayed indefinitely. The Southeast Regional Court Center is targeted for downsizing, and projects within Parks and Recreation at both the White Tank and McDowell Mountain Parks have been cancelled.

Structural balance has allowed us to be successful, financially. We have no General Obligation Bonds outstanding. This makes for a lower property tax for the citizens of Maricopa County. We have been able to balance our 2008-09 budget with some downsizing but no elimination of services. We have been able to pay cash for many of our capital improvement projects, saving tens of millions of dollars in interest costs. Structural balance equates to responsible budgeting.

There are a handful of small ancillary funds that are not in structural balance. In several cases, this is because the Board of Supervisors made a conscious decision to spend down large fund balances to keep fees low or because there was a multi-year operating capacity which made good fiscal sense. In each case there is a plan to return those expenses to the operating budget in 3 years or less. Funds affected include: Fill the Gap, Criminal Justice Enhancement, Justice Court Special Revenue, Planning and Development Fees, Inmate Services and Waste Management.

Econometric and Demographic Trends

The Office of Management and Budget has enhanced its use of economic forecasters during this fiscal downturn. They are now utilizing both Elliott Pollack & Company and the University of Arizona's economic team to provide econometric information. The economists from both of these groups are predicting or declaring that Maricopa County's economy is or will be in recession.

> *"The current contraction in the nation's economy is likely to stretch past mid year and qualify as the 8th recession since 1960. . . The recession in Arizona should be mild with job losses totaling 1.3%. However, we expect that it will last longer than average, given the nature of this downturn and the length of time expected to get residential and nonresidential investment rolling again. We look for the bottom in the second quarter of (calendar year) 2009."*
>
> University of Arizona, Eller College of Management, Economic and Business Research Center

Leading indicators such as employment, retail sales and building permits are all down year-over-year. This recessionary cycle began in the late summer when the housing industry experienced downward adjustments in prices, and new home starts dropped off. All of this was caused by an excess of inventory and the debacle with adjustable rate and sub-prime mortgages. Arizona is one of the states leading the way in this downward cycle. Our economy typically grows in population, job growth and construction. This causes investment in our economy and it receives an "accelerator effect" as new resources are required for new houses, apartments, stores, hospitals, etc. Our economy is tied, unquestionably, to constant growth. This makes Arizona's economy one of the most volatile in the nation, according to the University of Arizona.

Recent economic reports have shown that the economy, in fact, is in a decline in many areas. January 2008 was one of the worst months, nationally. Chain store sales were the lowest they have been since 1970. Vehicle sales are slumping. The stock market has been very unstable and is now considered a "bear market". Employment figures indicated the largest decline since the last recession. Locally, employment growth is in a recession. In calendar year 2006, Arizona ranked second in job growth nationally. In 2007, we had dropped to 22nd nationally. Our employment numbers are expected to drop again in 2008.

The chart to the right shows the Greater Phoenix construction employment, which shows a dramatic decline in available jobs. The state ranked 49 out of 50 in construction growth in February 2008.

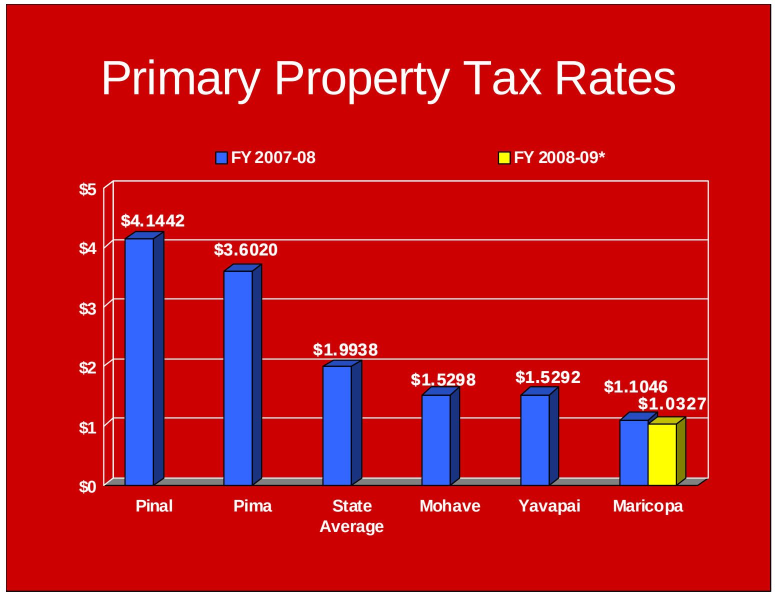
Property Taxes

Taxpayers in Maricopa County enjoy one of the lowest county tax rates in the State and by far, the lowest of the State's urban counties. Maricopa County is again lowering the overall property tax burden on its citizens. Last year the combined property tax rate was $1.2970 per $100 of assessed valuation. The proposed overall property tax rate is $1.2047. This is a $0.0923 reduction, which is 7.12% lower than the prior fiscal year. The primary rate dropped by $0.0719, the Flood Control District dropped by $0.0166 and the Library District dropped by $0.0038. Maricopa County no longer has a debt service levy. The secondary bond debt was paid off in 2004.

Maricopa County has not had a General Obligation Bond debt issuance since authorization by the voters in 1986. In the late-nineties, the Board of Supervisors decided to utilize a modified "pay as you go" capital plan for large capital improvement projects and other infrastructure. This means that the County is paying cash for many of its capital improvements, or utilizing lease reversions or other funding from the general fund to pay for these multi-million dollar projects. The use of this funding philosophy has literally saved the taxpayers tens of millions in interest and hundreds of millions in secondary property taxes that would have otherwise been levied.

In line with the County's fiscal policies on debt service, the Board of Directors of the Flood Control District and the Library District instituted a self-imposed limit on the secondary property taxes for these districts. The Board of Supervisors, by statute, also serve as the Board of Directors of three districts, Flood Control, Library and Stadium. They limited the Flood and Library Districts increases to align with the County's primary property tax limitations that are called out in statute. The Stadium District does not have a property tax. This responsible government concept was praised by the Arizona Tax Research Association (ATRA) last year. ATRA actually ran a bill that mirrors our self-imposed secondary limits. Although the bill did not pass, it continues to be pointed to as an innovative example of self-disciplined government by conservative state legislators and tax advocacy groups.

All of the strategies that Maricopa County uses to lower the tax burden have had a positive effect on our taxpayers. The savings on a $219,500 (median home taxable value) due to the tax rate reduction is estimated to be $16.14 this year. If the same home was in another county in Arizona, it would pay much higher taxes. The graphic to the right depicts the tax burden difference in several of the other Arizona Counties.



State Financial Threats

Arizona has the largest structural problem (as a percentage of totals – nearly 20%) of any state. This is due to a number of issues, including the percentage of the State's budget that is statutorily set, the lack of structural balance in the past, the volatile make-up of revenues, and a history of lowering taxes without long-term planning. Because of this, the State is again possibly turning to Arizona counties to help solve their problem. The most difficult of the issues is the proposed transfer of all inmates sentenced to less than a year to county jails. This practice exists in many states. However, in Arizona, the State Legislature has made conscious decisions years ago to have one of the toughest sentencing laws in the nation for DUIs and other specific offenses. Arizona counties have not planned nor are they funded for this population.

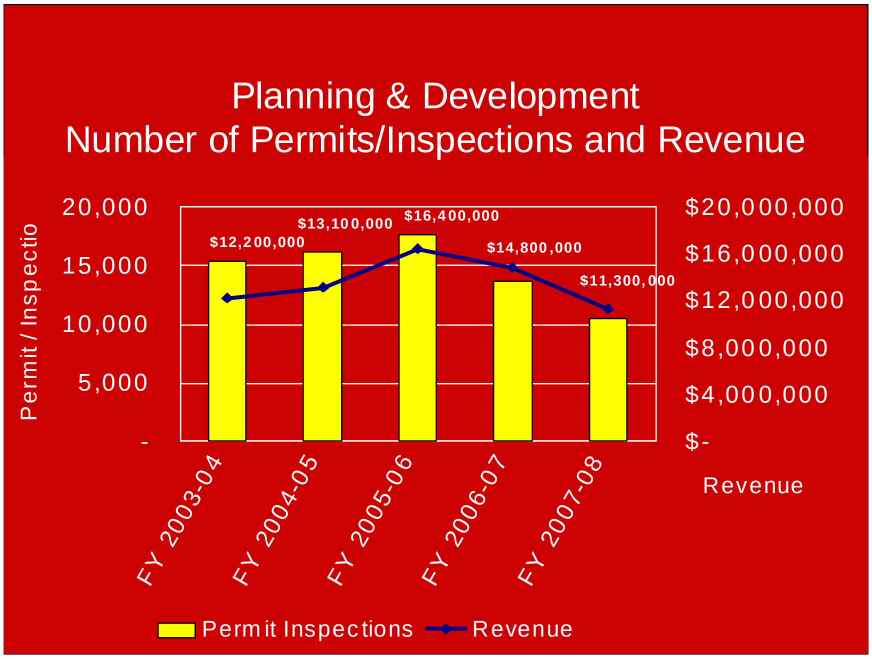
Maricopa County is quite concerned with the impact that cost shifts will have on county government. Maricopa County's jail system is already at capacity. Any plan to increase our jail population by an estimated 2,150 inmates would result in Maricopa County jails being 23% over capacity.

Another state cost shift being considered is increasing photo radar enforcement in order to increase state revenues. In this scenario, the state will change the revenue distribution of the citations so that all of the fine revenues flow to the state. Currently these revenues are shared with the counties and cities that adjudicate and collect the fines. In the proposed scenario, the state would be receiving 100% of the revenues, but the costs of administering this program would be left with local jurisdictions.

There are several other state budget balancing ideas that have surfaced that could cost the county millions. At this point, we are uncertain about how the state budget process will affect county government. Maricopa County is monitoring the situation and working with state leaders to try to ensure that a fair and equitable conclusion is reached in these state budget discussions.

Planning and Development Issues

This year, significant changes occurred in Planning and Development. Maricopa County's Planning and Development Department receives its major revenue streams from building plan reviews and building inspections. Over the last 5 years, Planning and Development's revenue budget experienced explosive growth while the housing boom was occurring. Now that the boom is over, the revenues have slowed dramatically. The department must adjust its operating costs to align with the volatility of the real estate market. The graphic to the right illustrates the five-year history of plans initiated for review and inspection and the associated revenues. As you can see, it has gone from a five-year high in FY 2005-06 of 17,659 and $16.4 million, to a five-year low in FY 2007-08 of an estimated 10,400 and $11.3 million. This is a 41% decrease in volume. Planning and Development's management team has taken steps to address the downturn in demand. It has reviewed the fee structure and raised those that required adjustment. It also instituted an elimination of 45 positions. It will continue to review the workload demand and will make addition adjustments to the budget and staffing pattern, if necessary. While no economic expert can predict when the downturn will end, Planning and Development is preparing for a 2 - 3 year slowdown.



Managing for Results

Managing for Results (MFR) is the County's performance management system. It is customer-oriented, results-focused, and data-driven. MFR is grounded in the idea that an entire organization—its management systems, the people who work there, and the organizational culture (beliefs, behavior, language)—are focused on achieving results for the customer. MFR supports good business decisions based on reliable performance information. Departments demonstrate accountability through results. It contains an annual cycle of planning for results, budgeting for results, delivering results, analyzing and reporting results, and, lastly, evaluating and improving results.

Understanding and application of MFR principles has grown tremendously since Maricopa County first implemented the Managing for Results system more than eight years ago. Many departments have fully embraced the MFR philosophy and regularly use performance information to enhance their reporting and decision making. From a budgetary perspective, this means that they can articulate results delivered and the financial impact. They can also quantify the cost of improving results.

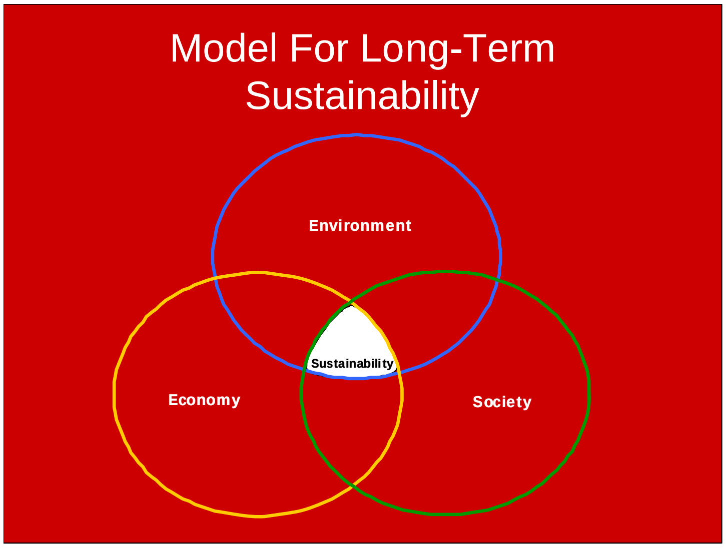
In early FY 2007-08, we implemented an enhanced performance reporting process with the deployment of the new Managing for Results Information System (MFRIS). MFRIS leverages the latest technologies to facilitate Maricopa's drive toward an integrated approach to improved customer results. MFRIS is a repository for departmental strategic business plans – mission, vision, goals, programs, activities, and services, as well as performance metric data. MFRIS also integrates the County's budget and management system. The system provides customized dashboards so that County executives, staff, and citizens can quickly and easily access information about the services provided by the County. MFRIS supports our data analysis needs by featuring sophisticated, yet easy-to-use, analytical tools that interface with the County's budget and financial systems. Limited release of this system occurred in the first half of FY 2007-08, with continuous enhancements and roll-outs throughout FY 2008-09.

Managing for Results is all the more important during times of fiscal challenge. MFR principles have guided us from the start as we have developed the FY 2008-09 budget. When we had to make difficult choices, we have done so with the goal of maintaining results for our customers as much as possible. Budget reductions have thus been developed that have the least impact on customers and performance.

Green Government Program

With our current population approaching four million and long-term projections showing the population nearly doubling again in less than 40 years, it is clear that strategies to help maintain a vibrant quality of life will be even more important in the future. An important part of these strategies will be maintaining a healthy and sustainable environment. The Board of Supervisors recognizes the relationship between a healthy environment and the County's long-term success. The Regional Development constellation has developed a long-term strategy whereby the County will reduce its carbon footprint, help save money, and enhance the region's environment. This is the basis for a new and innovative plan that will be known as the Maricopa County Green Government Program.

The Green Government Program is a cooperative effort between many County departments in coordination with various community stakeholders. These stakeholders represent a sample of experts in environmental issues, are associated with organizations that have initiated similar programs and can provide helpful insight, or are directly affected by the Green Government Program. Although achieving true environmental sustainability is difficult, Maricopa County believes this initiative is an important step in a long-term approach to addressing regional environmental issues.



The Green Government Program establishes a fundamental yet important mission: to achieve a cleaner, healthier, and higher quality Maricopa County. From this mission, the program will establish an advocacy plan that identifies various actions Maricopa County will pursue. This program will also identify specific measures that will help determine progress in meeting the approved actions. The Green Government Program will be flexible and adaptable to changing conditions, and will be reassessed on a periodic basis. Maricopa County seeks to set the example in environmental stewardship.

Maricopa County's has taken its first step in the FY 2008-09 budget. The plan includes a reduction of our carbon footprint. Equipment Services identified vehicle replacements that are both cost reductions as well as EPA certified "SmartWay" vehicles. SmartWay vehicles have the best environmental performance compared to all other vehicles and the EPA certifies that these vehicles have exceeded environmental thresholds on the Air Pollution and Greenhouse Gas Scores. The FY 2008-09 recommended budget includes funding for seventeen energy efficient vehicles which will increase Maricopa County's fleet composition from 34% to 35%. We will continue to explore further opportunities to expand this number as vehicles are scheduled for replacement.

Technology Infrastructure

Last year, Maricopa County began an extensive Infrastructure Refresh Project. The 2008-09 budget provides for continued funding of this program. The project covers a number of critical technological equipment replacements and upgrades, including: the core, distribution, user access and wireless networks, buildings physical infrastructure and data centers. In addition, the county will now have a redundant network with a regional disaster recovery site. This was not provided for prior to this project. The cost of this program in Fiscal Year 2008-09 is $34.2 million.

There are a number of other critical system upgrades occurring. This year, phase I of a new Budgeting and Managing for Results Information System (MFRIS) was released. The FY 2008-09 budget includes funding for MFRIS, which includes refinements to the budget preparation system, budget maintenance, budget reporting and position management. In addition, the funding supports upgrades to version 2.x which will provide Managing for Results elements including planning, reporting, and analyzing results. Once fully operational, this system will help managers better utilize performance measurement metrics to monitor outcomes within their business units. Managers and directors will be more nimble and able to address issues before they become problems for our customers.

Last year, the Office of Enterprise Technology partnered with the Assessor's Office to begin development of a new Computerized Assessor's Mass Appraisal (CAMA) system for use with property assessments. The County has experienced significant growth and the current system has outlived its useful life. The collaborative effort will result in improved system performance, functionality, tools, integration and support. Implementation of a new data warehouse and a customized drawing system will occur as well.

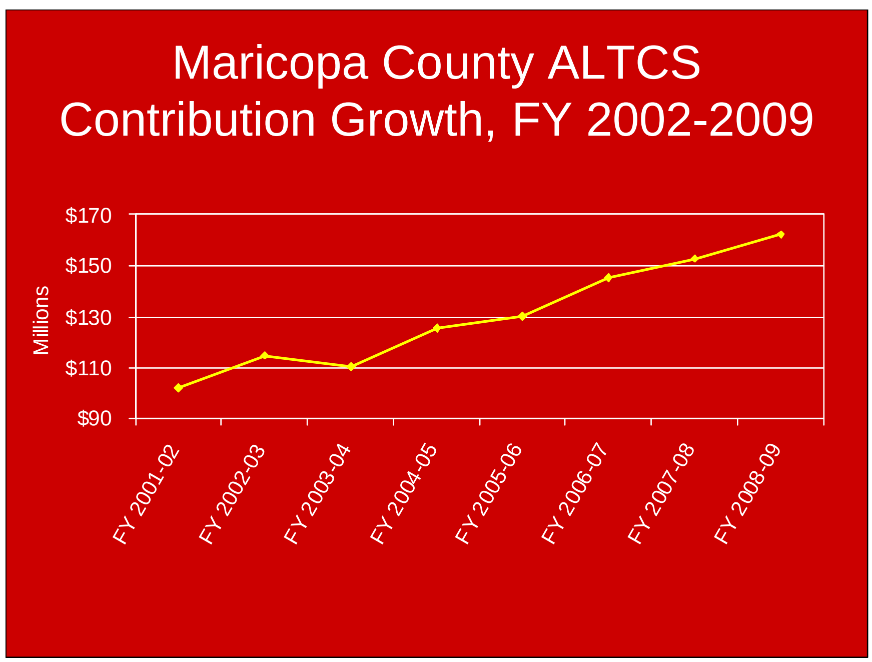
A new agenda management system, called SOLAR, is being developed to replace Agenda Central, the current electronic board agenda processing system. The FY 2008-09 budget has funding to complete this soon to be implemented system. SOLAR will give us a streamlined agenda processing system that will provide a means for agenda language consistency, an ability to attach documents to agenda items, enhance the approval process of agenda items, and streamline the creation of the Board's agenda. In addition, SOLAR provides users with a robust search functionality of the agenda database, the ability to run department-specific reports, automation of the Board's executive meeting process, an interface with the MFRIS system and electronic voting for Board members.

Finally, on the technological front, we will finish the Telecommunications Expense Management System (TEMS) implementation. TEMS will address the telecommunications lifecycle management activities, including the addition of a centralized electronic billing and validation system, dispute management tools, automated accounts payable process and a cost allocation system. The system will replace what was a very manual process which was prone to errors. Expected results include labor savings, increased productivity, cost controls and cost savings. Using a very conservative estimate, TEMS is projected to save 5 – 12 % in telecommunication services costs over a 3 – 5 year period.

Health Care Programs

One of the most costly activities in Maricopa County is Health Care Programs. Within the activity, we budget our mandated health care contributions to the State of Arizona, non-grant funded/court-ordered tuberculosis services, the Ryan White services for "People with HIV/AIDS", and other health litigation.

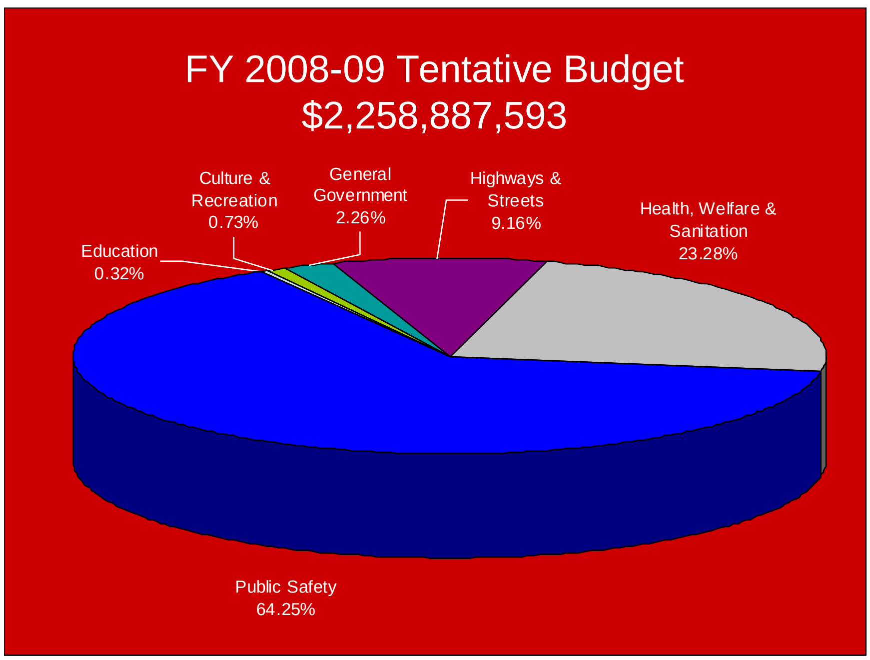
Maricopa County is mandated to provide funding for the State of Arizona's health care programs. The county must make multi-million dollar contributions to: Arizona Long-Term Care System (ALTCS), Arizona Health Care Cost Containment System (AHCCCS), and Arizona's mental health programs required by the *Arnold v. Sarn* court ruling.



This year the contribution to the ALTCS program is estimated to increase by $6.0 million to $162.1 million, a 3.71% increase over the 2007-08 contribution. The *Arnold v. Sarn* and general mental health payments are estimated to increase by $1.6 million to $35.9 million, and other mental health costs will increase by $125,039 to $4.4 million. The AHCCCS acute care contribution will increase by $622,800 to $21.6 million. These mandated fixed contributions total $228.9 million. Mandated health care remains an uncontrollable component of our operating budget that Maricopa County will continue to work to reduce. The Board of Supervisors has adopted a strategic goal which states, "Eliminate mandated fixed contributions to the State of Arizona in exchange for reductions in State funding of county programs." We want a good government model that makes the State responsible for State-managed programs and the County responsible for County-managed programs. To that end, we have, in past years, reduced our contributions through legislation that exchange funding responsibility with the state. These legislative solutions help us make progress towards achieving our strategic goal. This year, because of the state's budget crisis, we did not introduce any new legislative solutions. We will do so in future years.

Health Care Programs continues to address several of the most challenging fiscal issues facing Maricopa County. Among these is the defense of the so-called "Pre-AHCCCS tail litigation." This series of lawsuits initially involved over $360 million in billed charges which hospitals alleged represented emergency health care services provided to indigent patients. Maricopa County has successfully settled approximately one-third of the potential liability at less than five percent of billed charges. The remaining 198 million is the subject of a court-mandated "sampled" litigation process. After several trials, we are still awaiting decisions in the trial courts and on appeal.

The Court Tower and Capital Improvement Philosophy



Maricopa County began its present day Capital Improvement Program (CIP) in FY 1999-00. The CIP plan is a modified "pay as you go" financial policy. The County pays cash for most CIP projects. Other projects use a combination of identified operational savings and lease reversions to pay the debt service on new facilities. Fiscal Year 2004 was the final year of payment on the County's 1986 General Obligation (GO) bond debt. The County currently has no GO bond debt, and has very little long-term debt. The debt that the County does have is in the form of Lease Revenue Bonds. The debt service on these is paid for with either cash that has been set aside, or through lease reversions and operational savings within the operating budget.

Due to the fiscal downturn and limited new cash, the county has cancelled, delayed or downsized projects in order to concentrate efforts on continuing the new Court Tower project. This project is of great significance. It is needed to maintain and improve court case processing in Maricopa County. This, in turn, ensures that litigants, defendants and others involved in court cases obtain speedy justice. On criminal cases, it limits the time a housed-inmate spends in the county jails. This is good for the taxpayers because providing 24/7 care for individuals is very costly. The Court Tower is to be located adjacent to the downtown

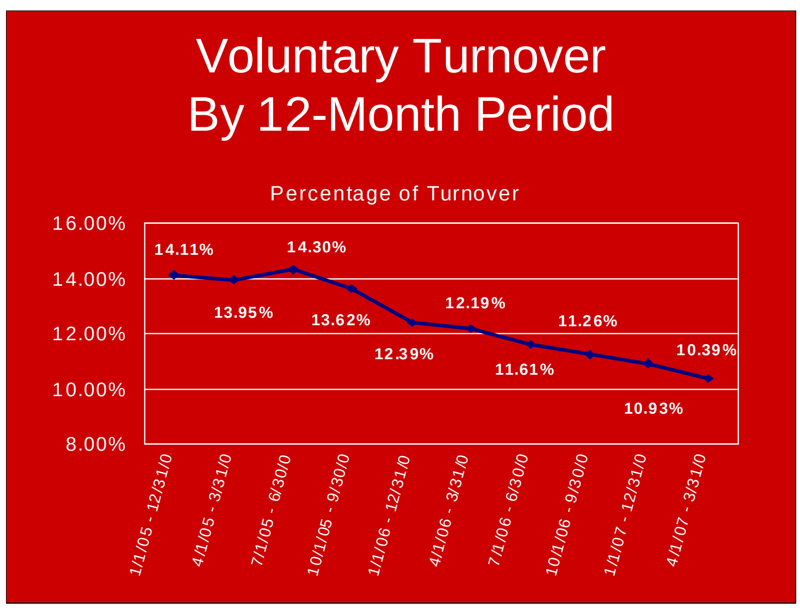
County Court complex in Phoenix. The 722,529 square foot project includes 32 courts, jury assembly, in-custody holding, and secure judicial parking. 22 of the courtrooms will initially be built-out and 10 will be shelled for future expansion. Below is the proposed make-up of the courtrooms.

- 8 high-volume early disposition and regional court centers
- 4 initial pre-trial courts
- 12 standard criminal courts
- 4 large criminal courtrooms
- 4 aggravated DUI courts

The Court Tower project has a budget of $342.4 million and is scheduled for completion in January 2012. With the postponement of the Southwest Justice Center in FY 2007-08, $79.4 million was shifted from that project to fund the Court Tower. In FY 2008-09, the budget assumes that the Southeast Justice Center project will be reduced in scope so that $19.2 million can be shifted from the Southeast Justice Center project to the Court Tower.

The CIP modified "pay-as-you-go" philosophy that has been used by the Board of Supervisors has avoided the use of General Obligations (GO) Bond debt issuance since 1986. Since 2000, the "pay-as-you-go" policy has saved the taxpayers $56.7 million in estimated debt service payments through FY 2007-08. This avoided assessing secondary debt repayment property taxes that would have cost the average taxpayer an average of $28.66 annually. In addition, we have avoided $37.3 million in actual interest costs by paying cash for much of our CIP. As you can see, the combination of balanced budgeting and pay-as-you-go capital programs has resulted in responsible fiscal plans, lower property taxes and improved services for the citizens.

Employee Issues and Concerns



Maricopa County emphasizes a skilled and capable workforce. This is accomplished by providing market-based salaries for our employees, great benefits, and a rewarding career serving the public's interest. Workforce satisfaction is measured through employee satisfaction surveys, benefit surveys and employee voluntary turnover or attrition rates. Our voluntary turnover has improved over the past several years, as noted in the graphic below. This is due to many successful employee programs. Over the past three years, market reviews covering over 97.7% of the County's positions were completed. Market adjustments were made when needed. In addition, the county provides annual funding for performance-based adjustments. Despite the fiscal downturn, this budget has funding for an average of 2.5% increases that will be implemented mid-year. While this amount is less than what was funded in prior years, it does show our employees that the county is concerned about their welfare and is dedicated to remaining competitive with the marketplace. Other steps being taken to maintain morale include sustaining competitive benefit packages (described below), retirement plans (provided by the Arizona State Retirement System), a Rewarding Ideas program, Tuition Reimbursement, and a Peak Performers program.

Employee Health Initiatives (EHI), the department responsible for the employee benefits programs in Maricopa County, has been continually improving the services and benefits given to the county's workforce while controlling the cost of health care. Their mission is to provide fiscally conscious and innovative health care programs for Maricopa County's employees. EHI employs seasoned health care professionals who collaborate with county management and external partners to encourage healthy lifestyles, promote preventive medicine, and offer a variety of plans to fit the needs of the employees. Some of the programs that should be mentioned include: health screening and health risk assessments, health fairs, flu shot clinics, weight-watcher programs on-site, smoking cessation, prenatal care programs, heart-healthy and diabetes management programs. Many of these programs offer financial incentives to employees to either get healthy or to participate in prevention programs. Because of these innovative programs, health care premiums and co-pays for both Maricopa County as the employer, and our employees were kept to an average increase of between 3.1 – 8.9%, when compared to the national average of between 10 - 12%. These programs lower the benefit costs for employees and the County.

Conclusions

Maricopa County has a responsible balanced budget for fiscal year 2008-09, despite the downturn in the economy and the continued need to provide expanding services in the region. We are able to continue to meet our challenges through innovative solutions, a highly motivated and skilled workforce, and through the leadership of the Board of Supervisors and county management. In 2007-08, Maricopa County again was recognized through the Arizona Quality Award process for continuous improvement and innovation with three different departmental awards, including one for our CIP pay-as-you-go program. Maricopa County is finding new ways to collaborate through partnerships with non-profits, Arizona State University and other public and private entities.

I want to thank the Board of Supervisors for their continued fiscal leadership. I also want to thank the Elected Officials, the Judicial Branch and Presiding Judge and the Appointed Officials for their cooperation and understanding during this time of fiscal downturn. This budget could not have been balanced without their participation, great ideas and assistance.

Sincerely,

David R. Smith,
County Manager